



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enquiries: Communications Unit • Email: media@treasury.gov.za • Tel: (012) 315 5046 • 40 Church Square, PRETORIA, 0002 • www.treasury.gov.za

MEDIA STATEMENT

PUBLICATION OF THE RENEWABLE ENERGY INCENTIVES IN THE INITIAL BATCH OF THE 2023 DRAFT TAXATION LAWS AMENDMENT BILL FOR PUBLIC COMMENT

The National Treasury and the South African Revenue Service (SARS) today publish, for public comment, the draft legislative amendments to give effect to the two renewable energy tax incentives, announced in the 2023 Budget. These proposals assist in partially addressing the country's energy crisis and encourage private investment into expanding electricity generation.

This initial batch of the 2023 draft Taxation Laws Amendment Bill (TLAB) covers these two specific tax amendments, and are urgent, due to the proposed early effective dates for implementation, and to enhance certainty for individuals and businesses that would like to immediately invest in renewable energy.

The publication of the initial batch of the 2023 draft TLAB enables an early, and additional, public comment process, that will enable the more detailed second round process of public comment when these provisions are incorporated in the more comprehensive 2023 draft TLAB in July 2023. This initial batch of the 2023 draft TLAB is intended to solicit comments on the following two specific and urgent amendments and serves as notice to taxpayers for earlier effective dates of the proposed amendments.

- **Expansion of the renewable energy tax incentive**

Under the enhanced renewable energy tax incentive, taxpayers who are conducting businesses will be able to claim a 125 per cent tax deduction (in the first year) for qualifying capital expenditure in respect of all renewable energy projects, with no threshold on generation capacity. The enhanced incentive will be available for a period of two years and apply to investments in renewable energy projects brought into use for the first time on or after 1 March 2023 and before 1 March 2025.



MEDIA STATEMENT

- **Rooftop solar tax incentive**

With respect to the rooftop solar tax incentive, individuals will be able to receive a tax rebate to the value of 25 per cent of the cost of any new and unused solar PV panels, up to a maximum of R15 000. The rooftop solar tax incentive will be available for a period of one year and will apply to new and unused solar PV panels that are acquired by the individual and brought into use for the first time on or after 1 March 2023 and before 1 March 2024.

The draft legislation and the accompanying draft explanatory memorandum containing a comprehensive description of the proposed amendments can be found on the National Treasury (www.treasury.gov.za) and SARS (www.sars.gov.za) websites.

Due date for public comments

National Treasury and SARS hereby invite comments in writing on the initial batch of the 2023 draft Taxation Laws Amendment Bill and draft Explanatory Memorandum.

Public comments may include proposals by body corporates on how the rooftop solar incentive could be applied to members of the body corporate if a body corporate were to install solar PV panels for members' benefit.

Please forward written comments to the National Treasury's tax policy depository at 2022AnnexCProp@treasury.gov.za and SARS at acollins@sars.gov.za by the close of business on **15 May 2023**.

Issued by National Treasury

Date: 21 April 2023